

BELLEVUE CONVENTION CENTER AUTHORITY
A COMPONENT UNIT OF THE CITY OF BELLEVUE
King County, Washington
January 1, 1993 Through December 31, 1993

Schedule Of Findings

1. The Bellevue Convention Center Authority Should Establish Proper Internal Accounts And Records In Compliance With Its Operating Agreement

Our audit of the Bellevue Convention Center Authority's financial statements for 1993 revealed material internal control structure weaknesses in violation of the authority's operating agreement with the City of Bellevue.

Prior to 1993, the authority maintained a general ledger (GL) accounting system. During 1993, when construction was completed and operations began, more pressing priorities caused the authority to maintain accounting information in spreadsheet form only. An external accounting firm posted entries quarterly to the GL system from the spreadsheets. In Spring 1993, the authority purchased a more complete accounting system package but did not implement it.

As a result, the authority did not have the internal accounting information necessary to manage expenses, monitor reserve levels, prepare financial reports, or respond to information requests.

In addition, we noted the following related weaknesses:

- a. The authority did not use its point of sales system for concession and ticket office sales. Point of sales systems are an integral component of internal controls over cash receipts and inventories.
- b. The authority did not adequately track fixed assets for financial reporting purposes or for ensuring accountability of individual equipment items. During our audit, the authority was not able to provide a detail of depreciation for all fixed assets. Items were not tracked by serial number for accountability.
- c. The authority had limited ability to track revenues, receivables, and costs by customer and by event.
- d. Bank reconciliations were not timely. The confirmed line of credit balance per our audit exceeded the recorded balance by \$5,456. The reconciled cash balance for the general checking account was \$643 less than the amount reported in the general ledger. The petty cash and change funds on hand of \$9,818 exceeded the authorized amount of \$4,200 by \$5,618.
- e. The authority's dual signature control policy was not consistently followed. We observed seven checks over the \$2,000 limit on three different days did not have

the proper dual signatures. This lack of adherence to policy could result in unauthorized cash disbursements.

The operating agreement between the authority and the City of Bellevue requires:

The authority shall establish and maintain proper internal accounts and records consistent with generally accepted accounting principles.

We recommend the authority take ownership of its accounting responsibilities by implementing and maintaining an adequate accounting system which includes:

- a. A point of sales system, including developing the underlying policies and procedures and providing employee training.
- b. A fixed asset system with periodic physical inventories.
- c. A project cost system to track transactions by customer and event.
- d. Regular account reconciliations of all significant accounts, particularly cash and line of credit accounts.
- e. Adherence to the dual signature policy.